

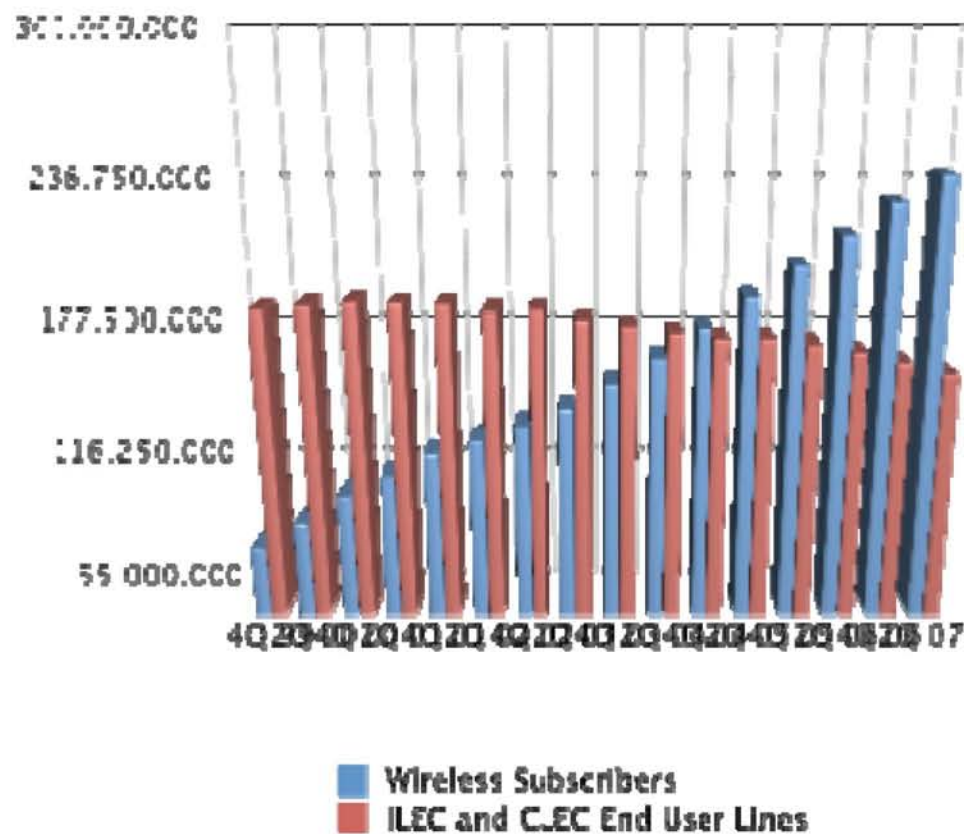


Universal Service and Pressure for Reform: Perspectives on What Will Happen and When - The Wireless Industry Perspective

April 17, 2008

- US Cellular - nation's sixth largest wireless carrier serving over 6 million customers in 26 states. Designated as an ETC in 11 states including Wisconsin, Iowa, Illinois, Missouri, Nebraska, Kansas, Oklahoma, Maine, West Virginia, Oregon and Washington.
- Headquartered in Chicago but also serving many very rural areas across America - including Mountains of Washington and West Virginia.
- Active in ongoing USF reform debate in Congress and at the FCC.
- Our Designated Entity Partner, King Street - Purchased 150 licenses in the recent 700 mhz auction. Includes new markets in West Virginia, Wisconsin and northern California.

Wireless and Wireline Customer Counts



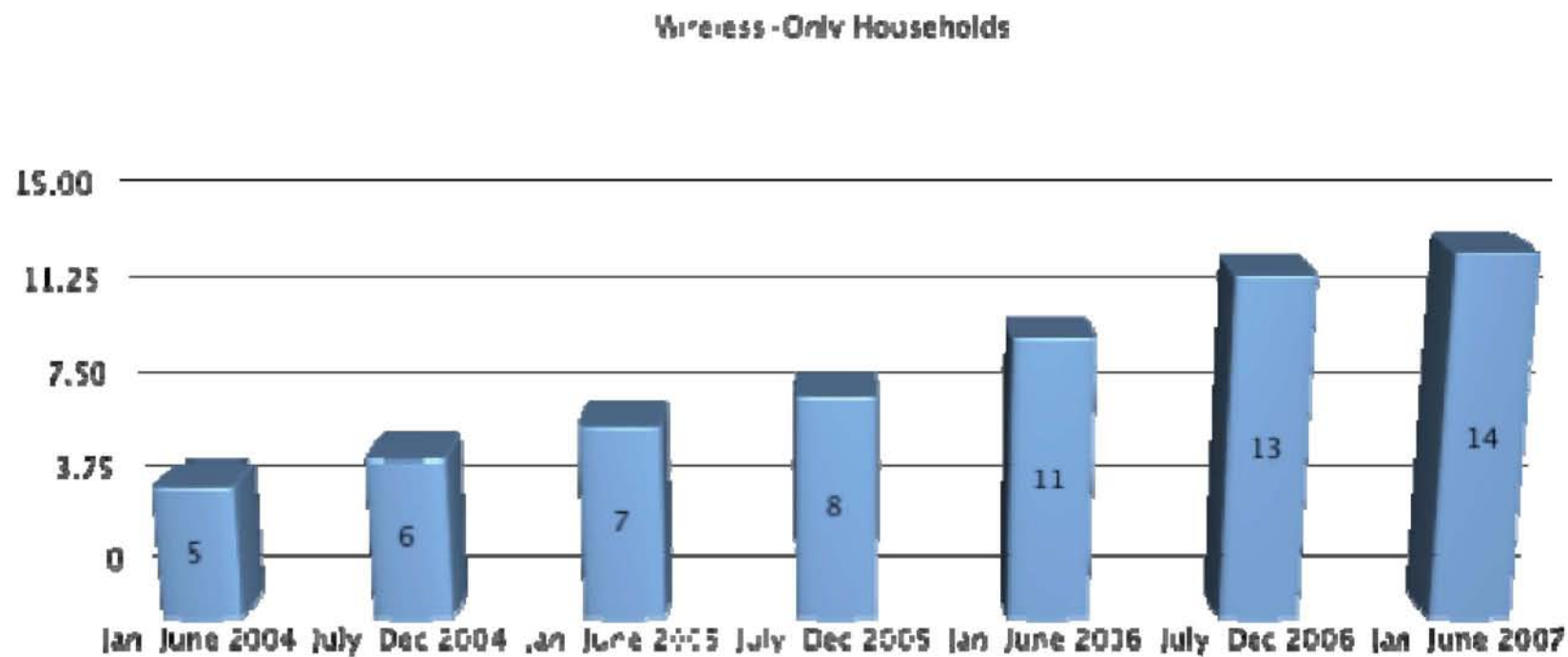
● The Future is Wireless - Key Statistics:

- Between 2001 and 2006 wireless subscribership increased from 118 million to 243 million.
- Subscribers use an average of 746 minutes per month.
- Wireless Prices (average revenues per minute) have dropped by as much as 20 to 30 percent each year between 1998 and 2005.

○ The Future is Wireless - Key Statistics:

- Wireless only households reached 13.6 percent in June 2007 - tripled since 2004.

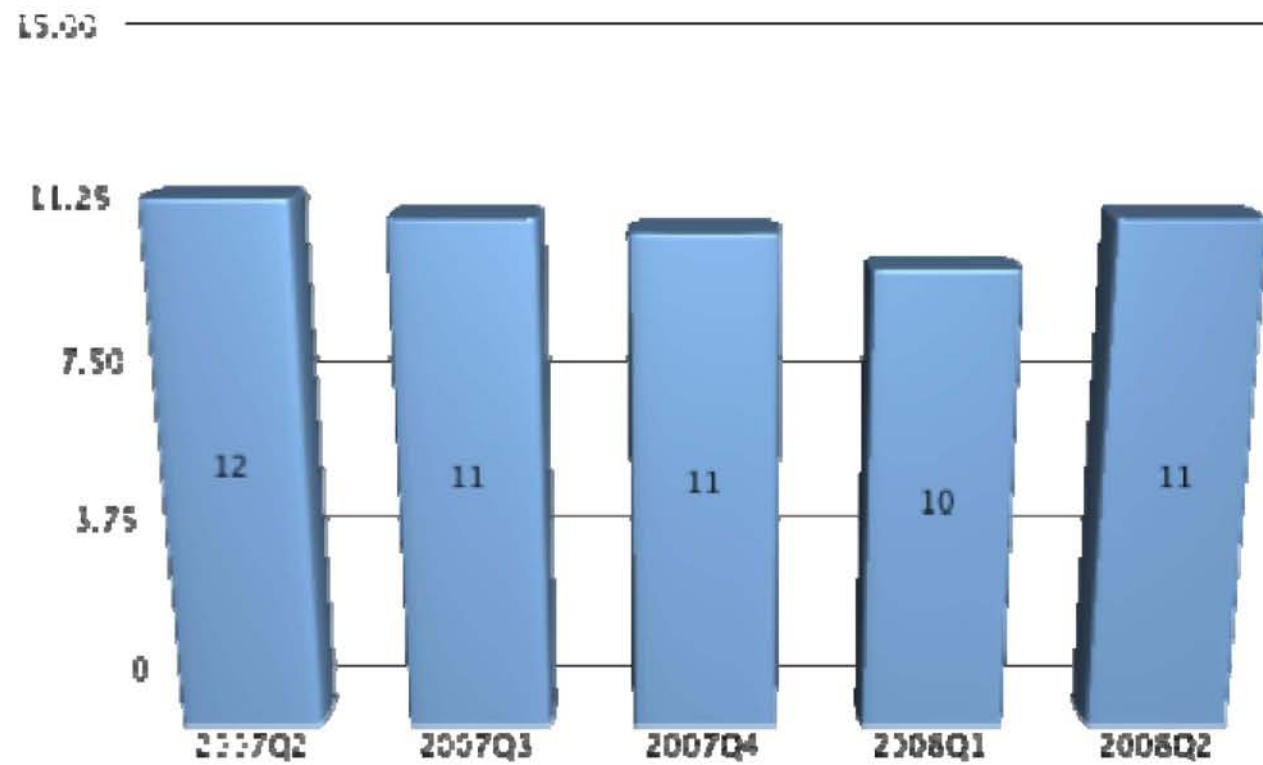
Wireless Only Households



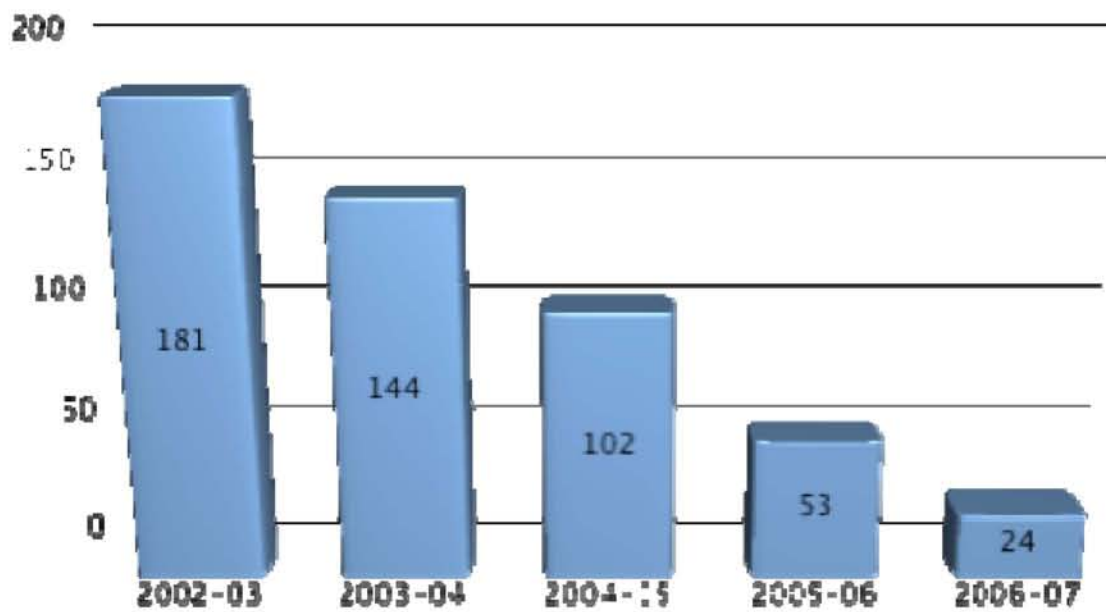
● Comprehensive USF Reform:

- There is no “crisis” in USF funding. Fund growth down to 16% last year and decreasing.

USF Contribution Factor

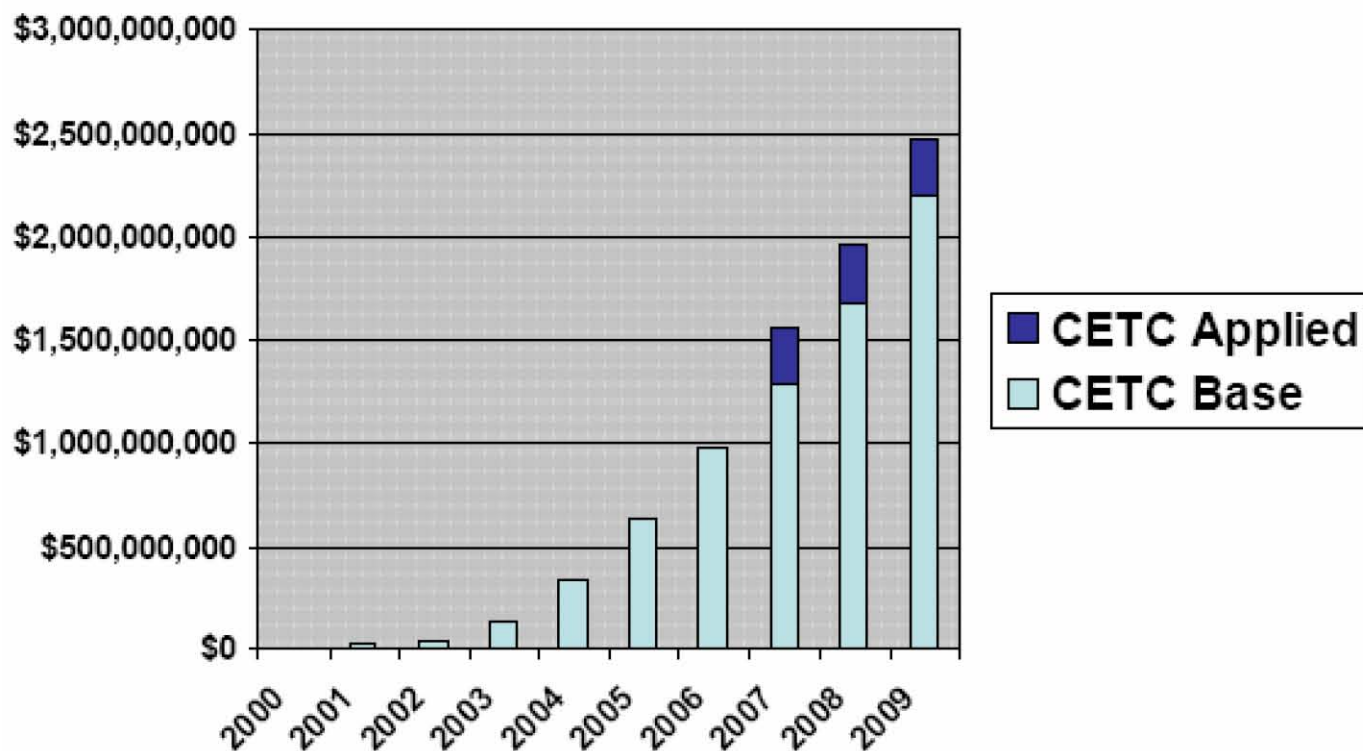


CETC Disbursements - Percentage Increase



Chairman Martin's 2007 Prediction

CETC Disbursements



Source: USAC Data and USAC and FCC

● Comprehensive USF Reform:

- The Joint Board's proposed cap on wireless carrier funding is the wrong move at the wrong time.
- Concerns about money flowing to a handful of states like Mississippi - Cap locks in those inequities indefinitely. \$140M in Mississippi; \$20M in Washington; \$2M in Missouri; \$100k in Illinois.
- Jt. Bd cap cuts funding in Oregon by 50%.
- Rumors of a cap at March 31, 2008 levels.

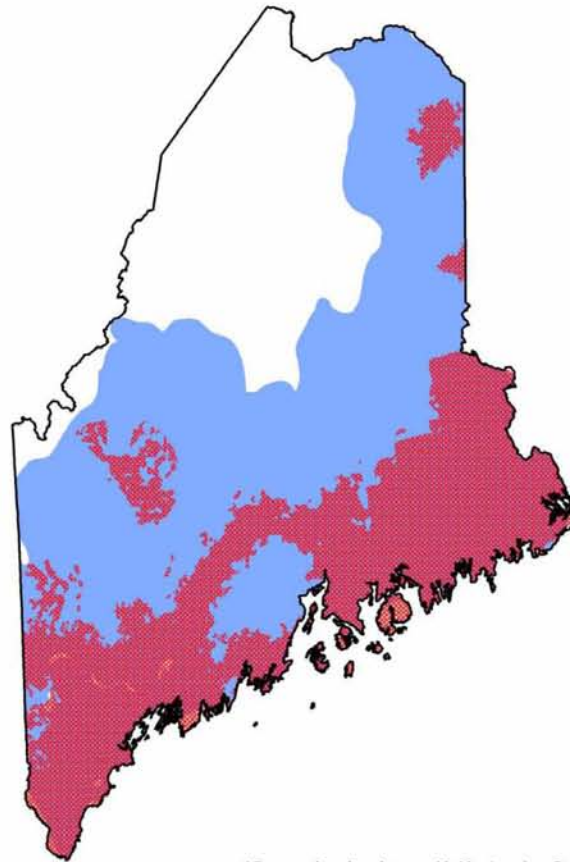
● Comprehensive USF Reform:

- Customers deserve ubiquitous wireless service and competition in rural America. Mobility and Public Safety benefits are significant.
- Customer with a \$50 per month wireless bill contributes approximately \$2.10 per month into USF. A grant of all pending FCC ETC applications would increase that amount by 2.4 cents per month.
- Would support additional requirements to ensure companies are using money properly.

● Comprehensive USF Reform:

- Critics say that USF funds duplicate networks. Criterion Study of overlap.
- Ignores roaming on USF supported carriers.

**State of Maine
Facilities-Based
Wireless Coverage Map**

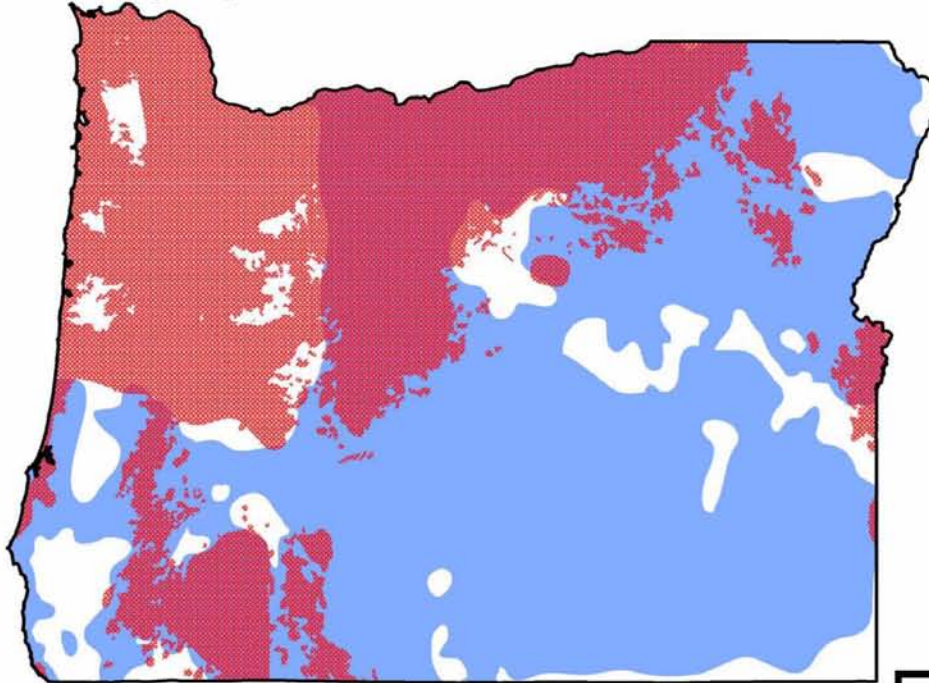


***Legend**

-  Unsubsidized Carriers
-  U.S. Cellular

*Coverage based on data provided by American Roamer

State of Oregon
Facilities-Based
Wireless Coverage Map



***Legend**
Unsubsidized Carriers
U.S. Cellular

*Coverage based on data provided by American Roamer

● Comprehensive USF Reform:

- Comprehensive reform of USF and inter-carrier compensation is needed.
- Wireless contributes 3 times what it draws from the federal universal service fund.
- Since 1999, Wireless has drawn \$3 billion and Wireline has drawn \$25 billion.

● Comprehensive USF Reform:

- Chairman Martin doesn't want to subsidize competition in areas that can't even support a single provider.
- It's an attractive argument - except, if you won't fund competition in those areas, why use it to fund competition elsewhere? Fund Competition in competitive areas?
- Competition is a fundamental underpinning of the 96 Act and "Competitive Neutrality".

● The Identical Support Rule:

- The Identical Support Rule serves valid public policy purposes and is grounded in sound economic theory. Adopted by the FCC in 1999 in order to foster competitive entry and economic efficiency.
- Support was supposed to be portable but the FCC delayed and subsequently abandoned implementation of portability leading to fund growth.

● The Identical Support Rule:

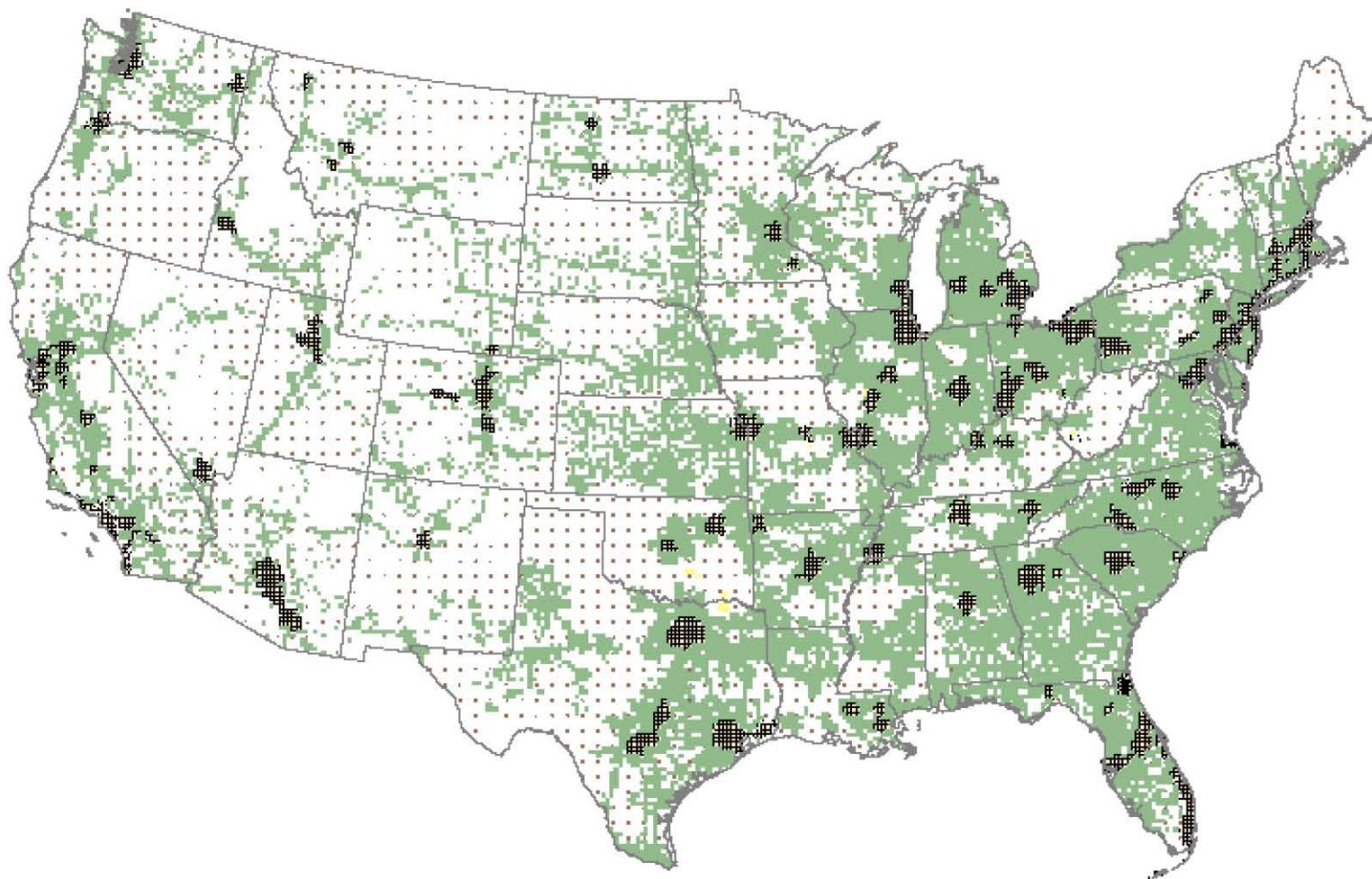
- Comments filed at the FCC yesterday. Reply comments due May 19, 2008.
- The FCC proposal to eliminate the identical support rule is flawed. Moves to embedded cost models creates unnecessary administrative costs at a time when the FCC should be focusing on competition and the deployment of wireless services to additional areas of rural America.

○ Long Term Reform - a better approach:

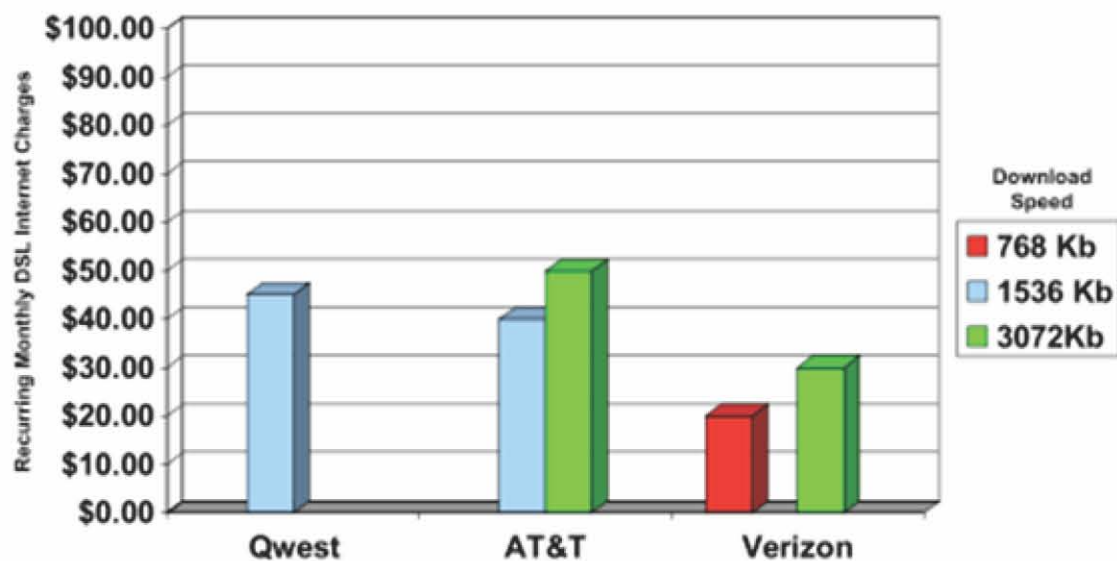
- FCC should focus on long term reform efforts that:
 - 1) incorporates disaggregation of ILEC support to encourage investment in underserved highest cost areas;
 - 2) makes support portable from wireline to wireless carriers; and
 - 3) addresses the need for comprehensive intercarrier compensation.

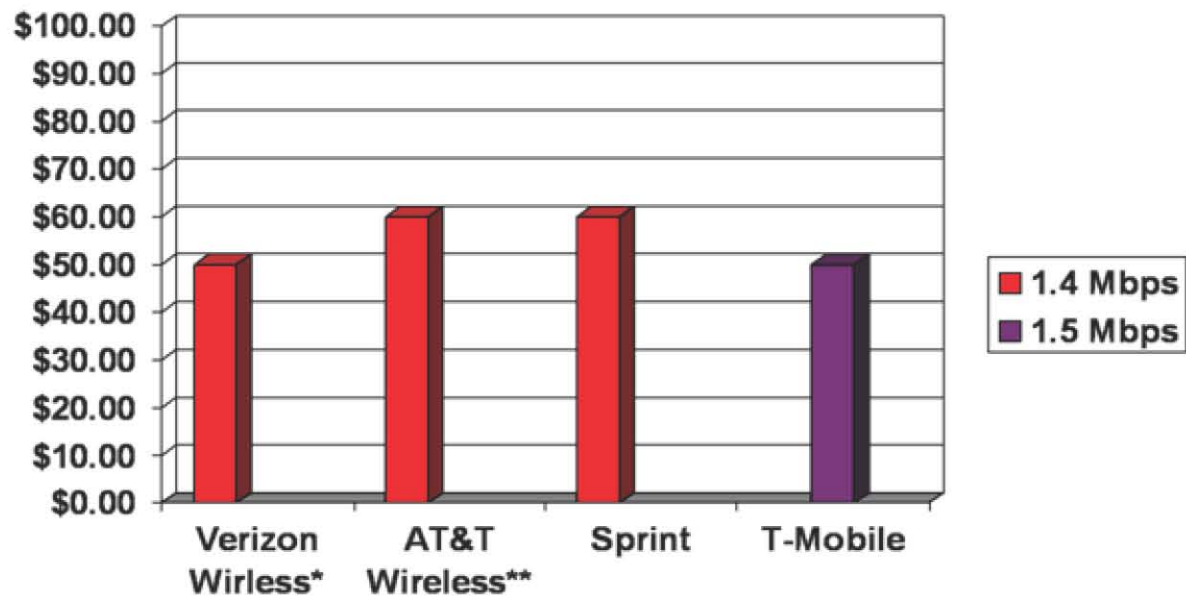
- Joint Board Proposal on Long Term Reform - a good starting point but it fails to go far enough:
 - Recognition of Mobility as a supported service is important.
 - Need to expand funding for broadband. Billions of dollars are needed.

Cost Quest - CTIA Study - Unserved 3G wireless areas.



DSL Offerings by Large Wireline Providers





- CTIA/Cost Quest Study of 3G Broadband - \$22 Billion needed.

○ Reverse Auctions:

- FCC proposal for reverse auctions is inconsistent with the 96 Act and should be rejected:
 - Auctions cannot yield a competitively neutral result until competitive networks exist.
 - Auctions must be competitively and technologically neutral.
 - If Auctions are held - must include incumbents.
 - Single winner auctions embeds monopolies into rural America. Problems with 10 year terms, multiple technologies, etc.

● 2008 and Beyond:

- Comprehensive USF and Intercarrier Compensation Reform deserves “comprehensive” debate and attention. Given the looming 2008 Presidential elections, the FCC cannot successfully implement that reform this year.
- 2009 will bring a new FCC and a new focus on the future of USF.
- The Telecommunications Industry should use the remainder of 2008 to forge a solution that delivers broadband and mobility for all Americans.
- Do we want more towers? 400 more next year.